

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.

September 30, 2006

Financial Statements

(With Independent Auditors' Report)

**LITZ &
COMPANY**

*Certified Public Accountants
A Professional Corporation*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Ogden, Weber Community Action Partnership, Inc.

We have audited the accompanying statement of financial position of the Ogden-Weber Community Action Partnership, Inc. (Agency) as of September 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ogden-Weber Community Action Partnership, Inc. as of September 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2007, on our considerations of Ogden-Weber Community Action Partnership, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Agency taken as a whole. The accompanying schedule of functional expenses and schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Litz & Company, P.C.

January 18, 2007

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.
Statement of Financial Position
September 30, 2006

ASSETS

	<u>2006</u>
Current assets:	
Cash and cash equivalents	\$ 156,573
Accounts receivable, net of allowance	<u>256,910</u>
Total current assets	<u>413,483</u>
Fixed assets; at cost:	
Land	190,000
Building	2,320,000
Furniture and equipment	939,533
Less accumulated depreciation	<u>(1,910,247)</u>
Net fixed assets	<u>1,539,286</u>
Total assets	<u>\$ 1,952,769</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 148,594
Payroll and related liabilities	<u>280,027</u>
Total current liabilities	<u>428,621</u>
Long-term debt	<u>673,612</u>
Total liabilities	<u>1,102,233</u>
Net assets:	
Unrestricted net assets	
Operating deficit	(212,150)
Investment in fixed assets	<u>865,674</u>
Total unrestricted net assets	653,524
Temporarily restricted net assets	<u>197,012</u>
Total net assets	<u>850,536</u>
Total liabilities and net assets	<u>\$ 1,952,769</u>

See accompanying notes and auditors' report.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.

Statement of Activities
Year Ended September 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support, revenues and reclassifications:			
Grant revenues	\$ -	\$ 5,568,723	\$ 5,568,723
Program fees	54,336	130,585	184,921
Donations	28,885	30	28,915
In-kind contributions	-	1,829,939	1,829,939
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>7,524,695</u>	<u>(7,524,695)</u>	<u>-</u>
Total support and revenue	<u>7,607,916</u>	<u>4,582</u>	<u>7,612,498</u>
Expenses:			
Programs:			
Headstart program expenses	6,743,462	-	6,743,462
Community service block grant	442,499	-	442,499
Child nutrition programs:			
Summer food program	6,005	-	6,005
U. S. Dept. of Agriculture	311,280	-	311,280
Federal Emergency Mngt. Agency	17,249	-	17,249
Other	<u>72,724</u>	<u>-</u>	<u>72,724</u>
Total grant program expenses	<u>7,593,219</u>	<u>-</u>	<u>7,593,219</u>
Administrative expenses	<u>40,892</u>	<u>-</u>	<u>40,892</u>
Total expenses	<u>7,634,111</u>	<u>-</u>	<u>7,634,111</u>
Change in net assets	<u>(26,195)</u>	<u>4,582</u>	<u>(21,613)</u>
Net assets, beginning	<u>679,719</u>	<u>192,430</u>	<u>872,149</u>
Net assets, ending	<u>\$ 653,524</u>	<u>\$ 197,012</u>	<u>\$ 850,536</u>

See accompanying notes and auditors' report.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.

Statement of Cash Flows
Year Ended September 30, 2006

	<u>2006</u>
Cash flows from operating activities:	
Change in net assets	\$ (21,613)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	156,276
Net change in accounts receivable	(184,452)
Net change in accounts payable	142,393
Net change in other liabilities	<u>14,210</u>
Total adjustments	<u>128,427</u>
Net cash provided (used) by operating activities	<u>106,814</u>
Cash balance, beginning	<u>49,759</u>
Cash balance, ending	<u><u>\$ 156,573</u></u>

Non cash transactions:

In-kind contributions and expenses were \$1,829,939

See accompanying notes and auditors' report.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements

September 30, 2006

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Ogden-Weber Community Action Partnership, Inc. (Agency) was organized in 1965 under the laws of the State of Utah as a nonprofit organization. The Agency was created to assist the needs and interests of the low-income residents of the Ogden Community by mobilizing resources and bringing about greater institutional sensitivity. The following major programs are currently in operation:

Headstart program provides disadvantaged children, ages 3-5, with the opportunity to grow academically and socially. The program is offered four and five days per week at eighteen locations throughout Weber County at no charge to the families. The program is education-based and can include breakfast, lunch, snack and dinner and in-house health and dental services. An outreach program for CHIP and Medicaid was also included under the auspices of Head Start.

Community Services Block Grant (CSBG) sponsors many on-going programs and projects throughout the year that offer low-income residents opportunities for cultural and educational enrichment such as ESL and GED programs. CSBG also provides guidance towards self-sufficiency through information and referral to community resources and through the Neighborhood Career Center program that is designed to train and place individuals who are having difficulty securing and retaining employment. In addition, the FEMA program housed in CSBG provides rental assistance and a food pantry.

Nutrition and Summer Food Program distributes USDA commodities to low-income residents. Each summer the Organization participates in a program to serve a free, nutritious lunch on a daily basis to children up to age eighteen.

Basis of Presentation

The financial statements have been stated on the accrual basis of accounting in conformity with generally accepted accounting principles and financial reporting standards applicable to non-profit organization. Under this method revenues are recognized when earned and expenses when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates in the financial statements are depreciation expense.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements

September 30, 2006

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Donated Services

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Revenue Recognition

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Amounts expended prior to receipt of funds are reflected as receivables (see note 2).

Building Equipment and Improvements

The Agency capitalizes all expenditures for equipment in excess of \$5,000, other than CSBG equipment expenditures which are capitalized in excess of \$1,000.

Improvements and equipment are recorded at cost or, if received as contributions, at fair market value as of the date of contribution. Depreciation is provided using the straight-line method over estimated useful lives of assets, ranging from 5 to 15 years.

The building is recorded at fair market value as of the date of contribution. Depreciation on the building is provided on the straight line method over 39 years.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.

Notes to Financial Statements

September 30, 2006

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand and highly liquid investments with original maturities of three months or less. The Agency holds cash received for the various programs in separate bank accounts as required.

Functional Expense Allocation

Expenses are allocated directly to the benefiting program or support services wherever reasonable. Where it is difficult or impractical to directly allocate costs, the costs are allocated to the various programs and support services based upon one of several allocation methods. Payroll and related expenses are allocated according to a time and activity study. Non-payroll expenses are allocated according to various activity studies representing the costs being allocated, i.e., usage and occupied space.

Income Taxes

As a nonprofit organization, the Agency claims exemption from Federal and State income taxes under Section 501 (c) (3) of the Internal Revenue Code of 1986 and the provisions of the Utah State Corporation Franchise Tax Act. Accordingly, no provision for income taxes has been made in the financial statements.

2. ACCOUNTS RECEIVABLES

The receivables from agencies consisted of the following as of September 30, with no provision for uncollectible amounts deemed necessary.

	<u>2006</u>
Utah State Office of Education/Child Nutrition Programs	\$27,994
Utah State Department of Community And Economic Development	19,081
U.S. Department of Health and Human Services- Head Start	204,393
Ogden, Utah Community and Economic Development – Neighborhood Career Center	<u>5,442</u>
TOTAL	<u>\$ 256,910</u>

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.
Notes to Financial Statements
September 30, 2006

3. CONCENTRATION OF CREDIT RISK FOR CASH

The Agency maintains cash accounts in banks, which are insured by the Federal Deposit Insurance Corporation up to \$100,000. At September 30, 2006 the Agency's uninsured cash balances totaled \$56,572.

4. FIXED ASSETS

During the year ended September 30, 2006, the Agency made adjustments to write-off several assets which were below the current capitalization threshold established by the Agency. These assets were fully depreciated.

At September 30, 2006 the equipment, improvement and capital leases, additions, deletions and the related accumulated depreciation are summarized as follows:

	September 30, <u>2005</u>	Additions	Deletions	September 30, <u>2006</u>
Building	\$ 2,320,000	-	-	\$ 2,320,000
Building improvements	78,928	-	(7,544)	71,384
Equipment and capital leases	<u>868,149</u>	<u>-</u>	<u>-</u>	<u>868,149</u>
Totals	3,267,077	-	(7,544)	3,259,533
Less: accumulated depreciation And amortization	(<u>1,761,515</u>)	(<u>156,275</u>)	<u>7,544</u>	(<u>1,910,246</u>)
Net book value	<u>\$ 1,505,562</u>	<u>-</u>	<u>-</u>	<u>\$ 1,349,286</u>

5. RETIREMENT PLAN

All employees working a minimum of 30 hours per week are eligible to participate in the Agency's non-profit employee 403(b) retirement plan. The pension plan is an employee salary deduction plan with discretionary company participation that defers taxes on contributions until the date of withdrawal.

The plan allows employees to contribute 100% of their gross salary up to \$14,000. The Organization has historically matched employee contributions up to 4% of salary. The Organization's contributions as well as investment earnings vest immediately to the employee. The Organization contributed \$85,065 to the plan during the year ended September 30, 2006.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.
Notes to Financial Statements
September 30, 2006

6. ECONOMIC DEPENDENCY

The Organization received over 90% of its support and revenue in 2006 (not including in-kind donations) from three governmental agencies as follows:

US Health and Human Services
US Department of Agriculture
Utah State Department of Community
And Economic Development

Loss of this support would adversely affect the Organization's operating activities.

7. LONG-TERM DEBT

During 1999, the Organization received notice that certain costs in its Head Start program for the period of September 1, 1994 to September 30, 1997 were disallowed. The total of disallowed costs were \$497,405. In addition, the Organization had recorded a liability to Head Start in the amount of \$176,207 for funds received in excess of amounts approved per their grant agreement during 1998. The Organization has entered into an agreement with the Administration for Children and Families (ACF) of the U.S. Department of Health and Human Services to allow a Federal interest lien to be placed on the Organization's land and building. Under the agreement, the Organization will not be required to make any payments on this debt until the land and building are sold. Therefore, the entire debt of \$673,612 has been reflected as long-term debt at September 30, 2006.

8. REVENUES

During the fiscal year, the Organization rented 5,000 sq ft to the Migrant Spanish Head Start Program for \$5,830 per month with a renewable one-year agreement.

9. OTHER RELATED ENTITIES

During the fiscal year, the Agency provided administrative and accounting support for two independent organizations, Ogden Weber Community Action Disability Housing, Inc. and Senior Villa, Inc. These organizations are separate legal entities with their own independent board of directors. Because these entities are separate and distinct entities from OWCAP, none of their financial transactions are contained in these financial statements. These financial statements do not contain any assets, liabilities or equity information with regards to these two separate entities.

Ogden-Weber Community Action Partnership
Supplementary Schedule of Functional Expenses
For the year ended September 30, 2006

	FEMA	CSBG	Summer Food	Head Start	USDA	Youth Connections	Neighborhood Career Center	USB	Total Restricted	Unrestricted	Total
Expenses:											
Benefits	-	43,086	235	933,637	29,151	1,132	4,203	547	1,011,991	13	1,012,004
Depreciation Expense	-	4,688	-	132,834	6,251	-	-	-	143,773	12,502	156,275
Equipment rent and lease	-	496	-	8,757	555	-	-	-	9,808	68	9,876
Food	6,016	777	2,559	77,356	95,227	-	-	-	181,935	153	182,088
In-kind Expenses	-	185,894	-	1,644,045	-	-	-	-	1,829,939	-	1,829,939
Insurance	-	7,600	-	41,784	1,862	-	-	-	51,246	2,511	53,757
Miscellaneous	-	10,592	-	154,837	12,466	40	-	11,219	189,154	10,212	199,366
Repairs and maintenance	-	15,519	-	180,745	24,806	-	-	-	221,070	7,670	228,740
Salaries	-	140,731	3,070	3,205,855	109,983	12,591	42,022	-	3,514,252	179	3,514,431
Supplies and postage	-	5,494	141	183,451	19,941	8	25	-	209,060	3,895	212,955
Training and tech assistance	-	5,856	-	50,795	1,055	-	120	-	57,826	-	57,826
Utilities and cleaning	11,233	21,766	-	129,366	9,983	502	314	-	173,164	3,689	176,853
Total Expenses	17,249	442,499	6,005	6,743,462	311,280	14,273	46,684	11,766	7,593,218	40,892	7,634,110

See accompanying notes and auditors' report.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2006

<u>Federal Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>In-kind/Other Expenditures</u>
U.S. Department of Health and Human Services.			
Direct - Head Start	93.600	\$ 4,966,583	\$ 1,644,045
Passes through State Dept. of Community and Economic Development - Community Services Block Grant (CSBG)	93.569	251,917	185,894
Passed through State of Utah Department of Workforce Services - Youth Connections	93.575	14,273	-
U.S. Department of Agriculture -			
Passed through State Dept. of Education -			
Child Care Food Program	10.558	305,029	-
Summer Food Service Program	10.558	6,005	-
Passed through State Department of Human Services - FEMA	83.544	17,249	-
Total Federal Awards		<u>\$ 5,561,056</u>	<u>\$ 1,829,939</u>

See accompanying notes and auditors' report.

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.
Notes to Schedule of Federal Awards
September 30, 2006

The following are the notes to the supplementary schedule of expenditures of federal awards:

- **General** – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Ogden-Weber Community Action Partnership, Inc. (The Agency). The Agency's direct federal awards as well as federal awards passed through other government agencies are included on the schedule.
- **Basis of Accounting** – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, except for asset purchases which are shown as expenditures in the year of acquisition, instead of depreciation expense for assets purchased with grant funds.
- **In Kind Expenditures** – In kind expenditures are recorded under the criteria included in note 1 to the financial statements.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors

Ogden, Weber Community Action Partnership, Inc.

We have audited the financial statements of Ogden-Weber Community Action Partnership, Inc. (Agency) as of and for the year ended September 30, 2006, and have issued our report thereon dated January 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Ogden-Weber Community Action Partnership in a separate letter dated January 18, 2007.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Roy, Utah

January 18, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-
133****Board of Directors****Ogden-Weber Community Action Partnership, Inc.****Compliance**

We have audited the compliance of Ogden-Weber Community Action Partnership, Inc. (Agency) (a non-profit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider the material weaknesses.

This report is intended for the information for the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Litz & Company, P.C.
Roy, Utah
January 18, 2007

OGDEN-WEBER COMMUNITY ACTION PARTNERSHIP, INC.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2006

1. Summary of auditor's results:

- a. An unqualified opinion was issued on the financial statements of the Ogden-Weber Community Action Partnership, Inc. (the Agency) for the year ended September 30, 2006.
- b. The audit disclosed no matters of noncompliance which are material to the financial statements.
- c. An unqualified opinion was issued on compliance for major programs.
- d. No audit findings were required to be reported under OMB Circular A-133 or *Government Auditing Standards*.
- e. The Agency has the following major program:

U.S. Department of Health and Human Services –
Head Start CFDA Number 93.600
- f. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- g. The Agency qualified as a low-risk auditee under OMB Circular A-133.

2. Findings relating to the financial statement audit which are required to be reported in accordance with *Government Auditing Standards*:

None